

GOVERNMENT OF ANDHRA PRADESH

A B S T R A C T

APMDP – Procurement – New Procurement business model to enhance procurement management in bank funded APMDP – Proposal approved – Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O.Rt.No.
2013

Dated:21-12-

Read the

following:

1. Letter No.Nil, dated 08.08.2013 of Senior Infrastructure Specialist the World Bank, New Delhi.
2. Minutes of the Steering Committee, dated 23.08.2013.
3. From Project Director, APMDP, Letter No.32/PS/APMDP/2012-13/1, dated 05.09.2013.

<>0<>

ORDER:

The Project Director, APMDP in his letter 3rd read above has informed that the department of Economic Affairs and World Bank has taken several decisions to improve the procurement efficiency in World Bank Aided projects and one of the decisions made is to adopt a new business model. The Project Director, APMDP has also reported that the Steering Committee of the APMDP resolved to submit proposals to Government on adoption of the new procurement business model suggested by the World Bank.

2. The Government after careful consideration of the proposal of Project Director, Andhra Pradesh Municipal Development Project (APMDP) hereby approve the new procurement business model, as annexed, in order to enhance procurement management in bank funded APMDP, since it facilitates shift to e-procurement, revises thresholds for National Competent Bidding (NCB), allows DGS&D rate contract subject to certain conditions and permits to use shopping as a procurement method in small works.

3. This order issues with the concurrence of Finance Department vide their U.O.No.26011/509/A1/Expr.M&F/2013, dated 30.11.2013.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. SAMEER SHARMA
PRINCIPAL SECRETARY TO GOVERNMENT(MA)

To
The Commissioner and Director of Municipal Administration, Hyderabad.
The Project Director, APMDP, O/o C&DMA, Hyderabad.
The Engineer-in-Chief (Public Health), Hyderabad.
Copy to:
The O.S.D. to Hon'ble M(MA).
The P.S. to Principal Secretary to Government (MA).
Sc

//FORWARDED BY ORDER//

RESEARCH OFFICER

ANNEXURE

Andhra Pradesh Municipal Development Project (APMDP)

Statement showing the present Procedures/Threshold and the New Procedures/Threshold for the APMD Project.

Sl. N o.	Existing Procedures/Threshold	New Procedures/Threshold as per World Bank
1.	1.As per G.O Rt. No.596 M.A(UBS)/ Dt.30-04-2012 , procurement of sub projects under APMDP is being made through NIC portal.	1.E-Procurement requirement: The DEA in its approval letter of May 08, 2013 has requested that all Bank procurements move to e-procurement platforms by March 2014. Bank has already given no-objection for use of NIC developed e-procurement system (CPPP) for APMDP Project and the same is in use for procurement of Goods and Works. The same portal for procurement of Consultancy and non-Consultancy services shall be used.
2.	<p>1.Present Thresholds for Procurement methods:</p> <p>a. Goods up to \$ 0.5 million equivalent can be procured using NCB;</p> <p>b. Works up to \$10 million equivalent can be procured using NCB;</p> <p>c. Goods and Works up to \$ 20,000 can be procured using shopping;</p> <p>d. Rate contracts entered into by DGS&D will not be acceptable as a substitute for NCB procedures.</p>	<p>1.Revised Threshold for Procurement Methods:</p> <p>a. Goods up to \$ 3 million equivalent can be procured using NCB;</p> <p>b. Works up to \$ 40 million equivalent can be procured using NCB;</p> <p>c. Goods and Works up to \$100,000 can be procured using shopping;</p> <p>d. Framework Agreement using DGS&D rate contracts can be used to procure goods up to NCB threshold contracts, but will need to comply with the following:</p> <ul style="list-style-type: none"> • Use of DGS&D rate contracts as Framework Agreement must be reflected in the procurement plan agreed by the Bank for particulars goods. • Before issuing the purchasing order, the Task Team will have to advise the government on carrying out a price analysis on the specific good that is intended to be purchased. If after this due diligence the borrower concludes [and Bank agrees] that the DGS&D rate contract is not suitable, then the borrower will have to procure using NCB or shopping depending on the value. • To meet the Bank's requirements for right to audit and F&C, these clauses may be included in the Purchase Orders [in case the purchasers are directly placing the purchase orders to DGS&D rate contract holder]. On the other hand, if indent is placed through DGS&D, the

		Purchase has the option to sign a separate undertaking with DGS&D rate contract holder, where Bank's right to audit and F&C clauses could be mentioned.
3.	At present review and no objection by Bank are required for the following decisions related to post review contracts. a.Rebidding b.Extension of bid validity periods;	Discontinued ex-ante review and no objection by Bank of the following decisions related to post review contracts.: a.Rebidding b.Extension of bid validity periods; c.Amendments to Goods/Works/ Cons contract (unless the resulting contract amount after amendment exceeds agreed Prior Review Threshold); d.Very small consulting contract (below \$10,000); and, e.Individual consultants contract (below \$10,000) selected on sole source basis with the exception of critical assignments.
4.	Present Thresholds for Prior Review by Bank are as follows: a.Works \$ 5 million and above; b.Goods \$ 0.3 million and above; c.Not exist in the present threshold d.Consultancy services by firms \$0.5 million and above; e.Consultancy services by individuals US \$0.2 million and above; f.Direct contracts for goods and works \$ 500 and above but up to a cumulative value of \$ 5000 during the project; g.Single source selection of consultants less than \$500 or Rs.25000 .	The thresholds for the Banks prior review have been revised as follows: a.Works \$ 5 million and above; b.Goods \$0.5 million and above; c.IT and non-consultancy services \$ 0.5 million and above; d.Consultancy services by firms \$ 0.2 million and above; e.Consultancy services by individuals \$ 0.1 million and above; f.Direct contracts for goods and works \$10,000 and above; g.Single source selection of consultants \$10.000 and above.

National Competitive Bidding (NCB) Provisions:

Existing NCB Conditions	Revised NCB Conditions (DEA approved modifications)
Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended for time to time), shall be used for bidding	No change

Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids	Invitations to bid shall be advertised in at least one widely circulated national daily newspaper (or on a widely used website or electronic portal with free national and international access along with an abridged version of the said advertisement published in a widely circulated national daily inter-alia giving the website/electronic portal details from which the details of the invitation to bid can be downloaded) , at least 30 days prior to the deadline for the submission of bids
No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small scale-enterprises or enterprises from any given State	No change
Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder	No change
Extension of bid validity shall not be allowed without prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/Employer)	Extension of bid validity shall not be allowed with reference to Contracts subject to Bank prior review without the prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchase/Employer)
Re-bidding shall not be carried out without the prior concurrence of the Bank	Re-bidding shall not be carried out with reference to Contracts subject to Bank prior review without the prior concurrence of the Bank
The system of rejecting bids outside a pre-determined margin or “bracket” of prices shall not be used in the project	No change
Rate contracts entered into by Directorate General of Supplies and Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under the Shopping procedures	Rate contracts entered into by Directorate General of Supplies and Disposals will not be acceptable as a substitute for NCB procedures unless agreed with the Bank on case to case basis . Such contracts will be acceptable however for any procurement under the Shopping procedures
Two or three envelope system will not	Two or three envelope system will not

be used	be used (except when using e-Procurement system assessed and agreed by the Bank)
---------	---

(MA)

Dr.SAMEER SHARMA
PRINCIPAL SECRETARY TO GOV ERNMENT